



ATTORNEYS AT LAW

Reply To
WESTON ADAMS, III
Direct Dial: (803) 227-2322
wadams@mgclaw.com
COLUMBIA

March 31, 2006

VIA HAND DELIVERY

Charles L.A. Terrini, Esquire
Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, South Carolina 29210

RE: Aero Communications, LLC Application for CLEC/IXC Authority at The South
Carolina Public Service Commission
Civil Action No. 2006-18-C
Our File No.: 20587.05006

Dear Mr. Terrini:

Enclosed for filing please find an original and 11 copies of the Settlement Agreement in the above-referenced case. Please file the documents and return a clocked-in copy to my courier. This matter is scheduled for a hearing on April 3, 2006.

Yours truly,

Weston Adams, III

WA/djw

cc: M. John Bowen, Jr., Esquire
Kristopher E. Twomey, Esquire
C. Lessie Hammonds, Esquire

RETURN DATE: N/A
SERVICE: ok too

178710
S.A.
RECEIVED

MAR 31 2006

PSC SC
DOCKETING DEPT.

RECEIVED
2006 MAR 31 PM 1:11
SC PUBLIC SERVICE
COMMISSION
3/31/06
too

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET No. 2006-18-C

IN RE:

In the Matter of the Application of)
Aero Communications, LLC)
For a Certificate of Public Convenience and)
Necessity to Provide Local Exchange and)
Interexchange Telecommunications Services)
Throughout South Carolina, for Modified)
Alternate Regulation for Interexchange)
Business Services As Approved in Dockets)
No. 95-661-C and 2000-407-C, and for)
Flexible Rate Structure for Local Exchange)
Service Offerings as First Approved in)
Docket No. 97-467-C)
_____)

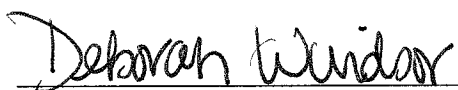
**CERTIFICATE OF
SERVICE**

RECEIVED
2006 MAR 31 PM 1:11
SC PUBLIC SERVICE
COMMISSION

I hereby certify that I have this 31st day of March, 2006 served a copy of the ***Settlement Agreement*** by mailing copies of same, postage prepaid, in the United States mail, with sufficient postage affixed as follows:

C. Lessie Hammond, Esquire
South Carolina Office of Regulatory Staff
P.O. Box 11263
Columbia, SC 29211

M. John Bowen, Jr., Esquire
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, SC 29211



Deborah J. Windsor
Legal Assistant to Weston Adams, III

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006-18-C

March 30, 2006

RECEIVED
2006 MAR 31 PM 1:12
SC PUBLIC SERVICE
COMMISSION

IN RE:

**In the Matter of the Application of Aero)
Communications, LLC For a Certificate)
Of Public Convenience and Necessity to)
Provide Local Exchange and)
Interexchange Telecommunications)
Services Throughout South Carolina, for)
Modified Alternate Regulation for)
Interexchange Business Services As)
Approved in Dockets No. 95-661-C and)
For Flexible Rate Structure for Local)
Exchange Service Offerings as First)
Approved in Docket No. 97-467-C.)**

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Aero Communications, LLC, ("Aero" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, on January 11, 2006, the Company filed its application requesting a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange and interexchange telecommunications services throughout the State of South Carolina, flexible regulation for its local exchange services pursuant to Order No. 98-165 in Docket No. 97-467-C, and alternative regulation for its interexchange services

pursuant to South Carolina Code § 58-9-585 (Supp.1999), as was first granted by the Commission in Order Nos. 95-1734 and 96-55 in Docket No. 97-467-C;

WHEREAS, on January 23, 2006, the Public Service Commission of South Carolina (the "Commission") issued a Notice of Filing and Hearing and set return dates for the hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on April 3, 2006;

WHEREAS, on February 2, 2006, Aero pre-filed testimony of Todd Heinrich with the Commission;

WHEREAS, the South Carolina Telephone Coalition ("SCTC") filed a Petition to Intervene in this matter on February 21, 2006;

WHEREAS, on March 6, 2006, Aero filed revised tariffs for local and interexchange services.

WHEREAS, on March 20, 2006, the SCTC filed a stipulation between SCTC and Aero;

WHEREAS, the purpose of this proceeding is to review the application filed by the Company and its request for a Certificate of Public Convenience and Necessity;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the application and the financial data provided by the Company, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by the Company and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed revised tariffs submitted by the Company;

WHEREAS, as a result of its investigations, ORS has determined a) the Company intends to offer throughout the State: for resale services, the resell of ILEC retail services and features such as residential and business local exchange services, optional features including call waiting, call forwarding call return, three way calling, caller ID, etc.; for facilities-based services, ILEC unbundled network elements acquired pursuant to interconnection agreements in conjunction with the Company's own network facilities including switches; b) the Company does not intend to offer prepaid calling cards; c) the officers of the Company possess sufficient technical and managerial abilities to adequately provide the services applied for; d) based upon the information provided and the analysis performed, the Company appears to have the financial resources necessary to provide the services proposed in its application; e) certain revisions have been made to the Company's initially proposed tariffs in order to comply with Commission statutes and regulations; f) the services provided by the Company will meet the service standards required by the Commission; g) the provision of local services by the Company will not adversely impact the availability of affordable local exchange service; h) to the extent it is required to do so by the Commission, the Company will participate in the support of universally available telephone service at affordable rates; i) the provision of local and interexchange services by the Company will not adversely impact the public interest; and j) the Company has initiated negotiations or will initiate negotiations with one or more of the incumbent local exchange carriers for interconnection or commercial agreements

applicable to services to be provided in South Carolina; and k) the Company will bill customers directly for its services.

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket.

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the Company's pre-filed testimony. The witness will not be cross-examined by ORS at the hearing;
- 2) Aero agrees to submit into the record before the Commission revised tariffs in accordance with ORS recommendations;
- 3) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange and interexchange telecommunications services within the State of South Carolina;
- 4) ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regs. 103-610 (location of books and records), 103-631 (publication of directories), and any Commission rules or policies requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"), and the Parties agree to the reasonableness of a waiver of 26 S.C. Code Ann. Regs. 612.2.3 (Operating Area Maps);
- 5) ORS does not oppose the Company's request that the Commission allow it to employ a flexible local exchange rate structure as described in its application and as

first authorized by the Commission in Order No. 98-165 in Docket No. 97-467-C; ORS does not oppose the Company's request that its interexchange services be subject to alternative regulation, pursuant to South Carolina Code §58-9-585 (Supp.1999), as was first granted by the Commission in Order Nos. 95-1734 and 96-55 in Docket No. 97-467-C;

6) The Company agrees to resell the services of only those interexchange carriers or local exchange carriers authorized to do business in South Carolina by the Commission. The Company agrees to notify ORS and the Commission, in writing, if the Company changes underlying carriers;

7) When appropriate and upon request, the Company agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

8) Aero agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

9) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting and remit fees as appropriate;

10) The Company agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, the Company agrees to adhere to the Federal Communication Commission rules 47 C.F.R. §§ 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written

authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, the Company shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

11) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center" also known as "911 service." The Company agrees to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding the Company's operations. Attached as Exhibit 1 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

12) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

13) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

14) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation;

15) This Settlement Agreement shall be interpreted according to South Carolina law;

16) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature

pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGE FOLLOWS]


WE AGREE:

Representing the Office of Regulatory Staff

C. Lessie Hammonds, Esquire
Office of Regulatory Staff
Post Office Box 11263
1441 Main Street (Suite 300)
Columbia, SC 29211
Phone: (803) 737-0803
Fax: (803) 737-0800
Email: lhammon@regstaff.sc.gov

WE AGREE:

Representing Aero Communications, LLC



Weston Adams, III, Esquire
McAngus Goudelock & Courie, LLC
700 Gervais Street, Suite 300
Post Office Box 12519
Columbia, South Carolina 29211
Phone: (803) 779-2300
Fax: (803) 748-0526
Email: wadams@mgclaw.com



Kristopher E. Twomey, Esquire
Law Office of Kristopher E. Twomey, P.C.
1519 E. 14th Street, Suite A
San Leandro, California 94577
Phone: (510) 903-1304
Fax: (510) 868-8418
Email: kris@lokt.net

WE AGREE:

Representing the Office of Regulatory Staff



C. Lessie Hammonds, Esquire
Office of Regulatory Staff
Post Office Box 11263
1441 Main Street (Suite 300)
Columbia, SC 29211
Phone: (803) 737-0803
Fax: (803) 737-0800
Email: lhammon@regstaff.sc.gov

WE AGREE:

Representing Aero Communications, LLC

Weston Adams, III, Esquire
McAngus Goudelock & Courie, LLC
700 Gervais Street, Suite 300
Post Office Box 12519
Columbia, South Carolina 29211
Phone: (803) 779-2300
Fax: (803) 748-0526
Email: wadams@mgclaw.com

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET No. 2006-18-C

IN RE:

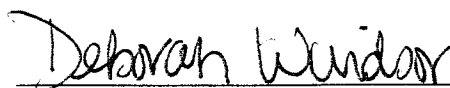
In the Matter of the Application of)
Aero Communications, LLC)
For a Certificate of Public Convenience and)
Necessity to Provide Local Exchange and)
Interexchange Telecommunications Services)
Throughout South Carolina, for Modified)
Alternate Regulation for Interexchange)
Business Services As Approved in Dockets)
No. 95-661-C and 2000-407-C, and for)
Flexible Rate Structure for Local Exchange)
Service Offerings as First Approved in)
Docket No. 97-467-C)
_____)

**CERTIFICATE OF
SERVICE**

I hereby certify that I have this 31st day of March, 2006 served a copy of the *Settlement Agreement* by mailing copies of same, postage prepaid, in the United States mail, with sufficient postage affixed as follows:

C. Lessie Hammond, Esquire
South Carolina Office of Regulatory Staff
P.O. Box 11263
Columbia, SC 29211

M. John Bowen, Jr., Esquire
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, SC 29211



Deborah J. Windsor
Legal Assistant to Weston Adams, III